

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

KIM SCHELLING, Individually and on Behalf
of All Others Similarly Situated,

Plaintiff,

v.

MICROVAST HOLDINGS, INC., YANG
WU, and CRAIG WEBSTER,

Defendants.

Case No. 4:23-cv-04565

JURY TRIAL DEMANDED

**CLASS ACTION COMPLAINT
FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS**

Plaintiff Kim Schelling (“Plaintiff”), individually and on behalf of all others similarly situated, by and through her attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, her counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory filings made by Microvast Holdings, Inc. (“Microvast” or the “Company”) with the United States (“U.S.”) Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by Microvast; and (c) review of other publicly available information concerning Microvast.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired Microvast securities between October 19, 2022 and November 20, 2023, inclusive (the

“Class Period”). Plaintiff pursues claims against the Defendants under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Microvast is a lithium-ion battery technology company which designs, develops, and manufactures battery components and systems, primarily for electric commercial vehicles and utility-scale energy storage systems.

3. In October 2022, the United States Department of Energy (“DOE”) conditionally selected Microvast for a proposed \$200 million grant to help fund a proposed polyaramid separator production facility (the “Grant”). Polyaramid is a high-temperature resistant synthetic polymer, and a polyaramid separator is an insulating film used in high-capacity lithium-ion batteries.

4. On May 22, 2023, after the market closed, *Reuters* reported the DOE would not award Microvast the Grant. In a call with congressional staff that evening, the DOE confirmed negotiations with Microvast concerning the Grant had been cancelled. A spokesperson for the DOE stated “[t]he department can confirm that it has elected to cancel negotiations and not to award Microvast funds from this competitive funding opportunity.” The DOE stated it would not comment publicly on why it decided to cancel negotiations with any applicant but did state “the Department of Energy maintains a rigorous review process prior to the release of any awarded funds, and it is not uncommon for entities selected to participate in award negotiations under a DOE competitive funding opportunity to not ultimately receive an award[.]” This news came after months of political fervor over the Company’s alleged ties to China.

5. On this news, the Company’s share price fell \$0.80, or 36%, to close at \$1.40 per share on May 23, 2023, on unusually heavy trading volume.

6. Then, on November 21, 2023, at approximately 9:00 a.m., J Capital Research published a report on Microvast entitled “MVST: Empty Facilities and a Grant Loss That Was

Probably Hidden: Another China Hustle” (the “Report”). The Report alleged the Company knew the Grant had been rescinded for months prior to *Reuters* reporting but failed to inform investors. The Report alleged further that “the majority of MVST’s sales may be fake,” that “Chinese customers account for 57% of revenue in 2023” but drone footage shows the Company’s Chinese factory “shows almost no activity,” that the Company “has disappeared from Chinese procurement lists” and “local competitors say the company is not making discernible sales” and that the Company’s reported backlog was “dubious.”

7. On this news, the Company’s share price fell \$0.33, or 25%, to close at \$0.98 per share on November 21, 2023, on unusually heavy trading volume.

8. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company’s business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose to investors: (1) that there was a reasonable likelihood that Microvast would not be awarded the Grant after due diligence was performed; (2) that negotiations had ceased and the Grant rescinded; (3) that the Company misrepresented the nature and profitability of its businesses and partnerships; and (4) that, as a result of the foregoing, Defendants’ positive statements about the Company’s business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

9. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

10. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

11. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

12. Venue is proper in the Houston Division of the Southern District of Texas pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District. In addition, the Company's principal executive offices are located in the Houston Division of the Southern District of Texas.

13. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

14. Plaintiff Kim Schelling, as set forth in the accompanying certification, incorporated by reference herein, purchased Microvast securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

15. Defendant Microvast is incorporated under the laws of Delaware with its principal place of business located in Stafford, Texas. Microvast's common stock (shares) trade on the

NASDAQ stock market under the symbol “MVST.” Microvast’s redeemable warrants trade on the NASDAQ exchange under the symbol “MVSTW.”

16. Defendant Yang Wu (“Wu”) was the Company’s Founder, Chairman, and Chief Executive Officer (“CEO”) at all relevant times.

17. Defendant Craig Webster (“Webster”) was the Company’s Chief Financial Officer (“CFO”) at all relevant times.

18. Defendants Wu and Webster (together, the “Individual Defendants”), because of their positions with the Company, possessed the power and authority to control the contents of the Company’s reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. The Individual Defendants were provided with copies of the Company’s reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

SUBSTANTIVE ALLEGATIONS

Background

19. Microvast is a lithium-ion battery technology company which designs, develops, and manufactures battery components and systems, primarily for electric commercial vehicles and utility-scale energy storage systems. The Company is headquartered in Texas and maintains a subsidiary in China.

20. In October 2022, the DOE conditionally selected Microvast for a proposed \$200 million grant to help fund a polyaramid separator production facility. Polyaramid is a high-temperature resistant synthetic polymer, and a polyaramid separator is an insulating film used in high-capacity lithium-ion batteries.

Materially False and Misleading
Statements Issued During the Class Period

21. The Class Period begins on October 19, 2022. On that day, Microvast announced the Grant in a press release which stated, in relevant part:¹

Today, the White House will announce that Microvast's thermally stable ***polyaramid separator manufacturing plant proposal was selected as a recipient of a \$200 million grant from the U.S. Department of Energy's Battery Materials Processing and Battery Manufacturing initiative.***

22. On November 2, 2022, the Company issued a second press release regarding the Grant, which stated, in relevant part:

It is an honor to be recognized by the DOE and collaborate with General Motors on this important effort to strengthen and accelerate domestic battery supply chain and manufacturing initiatives in North America. ***This grant will enable Microvast to accelerate its plans to onshore critical battery component manufacturing processes, including mass production of our patented polyaramid separator technology,***" said Dr. Wenjuan Mattis, Chief Technology Officer at Microvast. "We expect the safety advantages of our innovative, highly thermally stable polyaramid separators to transform high-energy lithium-ion battery development and drive significant value for the industry," she continued.

* * *

The \$200 million DOE grant, together with a more than \$300 million investment from the companies, is expected to ***support the construction of a new separator manufacturing facility in the U.S. Microvast expects the new separator facility to supply battery components to its existing battery cell manufacturing facility in Clarksville, Tennessee, as well as other customers across the commercial,***

¹ Unless otherwise stated, all emphasis in bold and italics hereinafter is added, and all footnotes are omitted.

specialty and passenger electric vehicle (EV) markets, energy storage systems (ESS) and other applications.

* * *

About DOE Funding

Microvast, in collaboration with General Motors, *is a recipient of the first set of projects funded by the President's Bipartisan Infrastructure Law* to expand domestic manufacturing of batteries for EVs and the electrical grid and for materials and components currently imported from other countries.

* * *

As part of the selection process for the DOE grant, Microvast has been invited to negotiate the specific terms of the grant funding. Once the terms have been finalized, the grant funding will remain subject to the conditions precedent and other terms and conditions to be agreed during these negotiations.

23. On November 10, 2022, the Company issued a press release announcing its unaudited condensed consolidated financial results for the period ended September 30, 2022, which was filed on the same date with the SEC on Form 8-K, and which stated in relevant part:

Results for Q3 2022

Microvast generated revenue of \$38.6 million in Q3 2022, compared to \$36.9 million for the third quarter ended September 30, 2021 ("Q3 2021"), an increase of 4.7%.

Gross profit was \$2.0 million in Q3 2022, compared to a gross loss of \$35.9 million in Q3 2021, resulting in a 102.5 percentage point improvement in gross margin from negative 97.3% in Q3 2021 to 5.2% in Q3 2022. Non-GAAP adjusted gross profit was \$4.0 million in Q3 2022, compared to non-GAAP adjusted gross loss of \$33.6 million in Q3 2021, resulting in a 101.3 percentage point improvement in non-GAAP adjusted gross margin from negative 91.1% in Q3 2021 to 10.2% in Q3 2022.

Operating expenses were \$39.6 million in Q3 2022 compared to \$78.0 million in Q3 2021. The change in operating expenses was largely due to share-based compensation expense being \$38.7 million lower in Q3 2022 compared to Q3 2021.

Net loss was \$36.5 million in Q3 2022 compared to net loss of \$116.5 million in Q3 2021. Non-GAAP adjusted net loss was \$17.4 million in Q3 2022 compared to non-GAAP adjusted net loss of \$65.1 million in Q3 2021. Non-GAAP adjusted EBITDA was negative \$12.6 million in Q3 2022 compared to non-GAAP adjusted EBITDA of negative \$58.8 million in Q3 2021.

* * *

2022 Outlook

Mircovast confirms year over year revenue growth for the year ended December 31, 2022 (“FY 2022”) is expected to be in the range of 35% to 40%.

The Company’s backlog at the end of Q3 2022 was \$140.6 million, an increase of 166.8% compared to \$52.7 million at the end of Q3 2021.

The Company expects capital expenditures for the remainder of FY 2022 to be approximately \$90.0 million to \$120.0 million, ***which will be primarily used in connection with the Company’s ongoing manufacturing capacity expansions in Huzhou, China and Clarksville, Tennessee.***

24. On November 10, 2022, the Company filed its 10-Q quarterly report with the SEC for the third quarter of 2022 (the “3Q2022 10-Q”). The 3Q2022 10-Q stated in relevant part:

U.S. Department of Energy Grant Funding - Polyaramid Separator Facility

In October 2022, the Company was notified by the U.S. Department of Energy (“DOE”) that it had been selected, in collaboration with General Motors, ***to negotiate and receive \$200 million in grant funding*** as part of President Biden’s Bipartisan Infrastructure Law under the DOE’s Battery Materials Processing and Battery Manufacturing initiative. ***The grant funding, together with additional funding to be arranged by the Company, is expected to support the construction of a new polyaramid separator manufacturing facility in the U.S. The specific terms and conditions of the grant funding remain under negotiation.*** Once finalized, the grant funding will remain subject to the conditions precedent and other terms and conditions to be agreed between the Company and the DOE.

25. On March 16, 2023, the Company issued a press release announcing its consolidated financial results for the fourth quarter and full year ended December 31, 2022, which stated in relevant part:

“We are pleased to report another quarter of stable growth, and ***we closed 2022 with a record backlog of \$410.5 million***, which puts us in a great position to execute our high growth plans for the years ahead,” said Craig Webster, Mircovast’s Chief Financial Officer. ***As we bring additional capacity online this year, we will add approximately \$1 billion of new revenue potential annually for our new 53.5Ah cell, which already accounts for over 80% of our backlog.*** We believe that the strong demand we are seeing along with the anticipated benefits of IRA puts us on a path to achieve profitability within the next two to three years.”

Full Year 2022 Highlights

- Revenue of \$204.5 million, compared to \$152.0 million in 2021, an increase of 35%
- Gross profit increased by 121% to \$9.1 million from gross loss of \$42.7 million in 2021; Non-GAAP adjusted gross profit of \$16.8 million, compared to non-GAAP adjusted gross loss of \$38.5 million in 2021; Non-GAAP adjusted gross margin increased to 8.2%, up from negative 25.3% in 2021
- Operating expenses of \$170.7 million, compared to \$157.4 million in 2021; Adjusted operating expenses of \$96.5 million, compared to \$97.6 million in 2021
- Net loss of \$158.2 million, compared to net loss of \$206.5 million in 2021; Non-GAAP adjusted net loss of \$77.3 million, compared to non-GAAP adjusted net loss of \$135.0 million in 2021
- Adjusted EBITDA of negative \$56.7 million, compared to Adjusted EBITDA of negative \$109.3 million in 2021
- *Backlog as of December 31, 2022 was \$410.5 million, representing growth of 258.5% compared to \$114.5 million in backlog as of December 31, 2021 and sequential growth of 192.0% compared to \$140.6 million in backlog at September 30, 2022.*
- *Capital expenditures of \$150.9 million, compared to \$87.9 million in 2021, driven by investments in manufacturing capacity expansions in Huzhou, China and Clarksville, Tennessee*
- Cash, cash equivalents, restricted cash and short-term investment of \$327.7 million as of December 31, 2022

26. On March 16, 2023, the Company filed its Annual Report with the SEC on Form 10-K for the fiscal year ended December 31, 2022 (“2022 10-K”). The 2022 10-K stated, in relevant part:

In October 2022, we were notified by the U.S. Department of Energy (“DOE”) that we had been selected, in collaboration with General Motors, *to receive \$200 million in grant funding as part of the DOE’s Battery Materials Processing and Battery Manufacturing initiative pursuant to the recently enacted infrastructure law, subject to negotiation of specific terms.* Once finalized, the grant funding will remain subject to certain conditions precedent and other terms and conditions to be agreed between us and the DOE. *The grant funding is expected to support the construction of a new polyaramid separator manufacturing facility in the U.S.* To complete this project, we will need to obtain additional financing. We cannot assure you that such financing will be available on acceptable terms. See “Risks Related to Our Business and Industry— We may be unable to meet our future capital requirements and we may require additional capital to support business growth, and this capital might not be available on acceptable terms, or at all” and “Risks Related to Our Business and Industry—*Our \$200 million grant from the DOE remains subject to negotiation of specific terms, and completion of the project the grant supports will require us to obtain additional financing* which

may not be available at all or on acceptable terms; continued availability of grant funding is uncertain and contingent on our compliance with the requirements of the grants we have or may receive in the future.”

* * *

Expand our manufacturing capacity to meet growing demand. With the construction and expansion of facilities and resources in the U.S., Europe and China, our manufacturing facilities will be located in close proximity to our customers in each major region. We plan to prudently expand our manufacturing capacity to capture the large and growing market opportunity for electric vehicles and ESS solutions, especially in the U.S. and Europe. Our capacity expansions will be in phases based on our ongoing assessment of medium- and long-term demand for our products. ***The aggregate manufacturing capacity is approximately 3 GWh per year as of December 31, 2022. After adding 4.0 GWh of new capacity in 2023, we will strategically review some of our existing manufacturing equipment and optimize that to best address anticipated future demand for our products. We plan to achieve a total manufacturing capacity of 7 GWh and 11 GWh per year by December 31, 2023 and 2025, respectively, to support growing demand for our existing products. In addition, we plan to expand our manufacturing capacity in the U.S. for the polyaramid separator in connection with a recent award we received in collaboration with General Motors for a \$200 million grant from the DOE.***

27. On May 9, 2023, the Company issued a press release announcing its unaudited condensed consolidated financial results for the period ended March 31, 2023, which stated in relevant part:

Microvast Reports First Quarter 2023 Financial Results

- Revenue increased 28.1% year over year to \$47.0 million, exceeding original guidance
- Adjusted gross margin increased to 13.5%
- ***Achieved record backlog of \$486.7 million***

* * *

“In the first quarter, we delivered stronger than anticipated year-over-year revenue growth, led by the initial production ramp up of several of our commercial vehicle customers in Europe” said Yang Wu, Microvast’s Founder, Chairman, President and Chief Executive Officer. ***We are very pleased to have completed our expansion and have begun trial production in Huzhou, China which adds 2GWh of production capacity for our new 53.5Ah cell. In addition, our Clarksville, Tennessee facility remains on track for start of production in the fourth quarter, bringing our total 53.5Ah capacity additions this year to 4GWh. Customer***

adoption of our new cell is very strong and over 50% of our new capacity in Huzhou is already under contract.”

“We are pleased to report another quarter of solid growth with improving gross margins and *another record backlog of \$486.7 million, which really underpins our revenue plan for this year, and gives us the conviction to raise our guidance,*” said Craig Webster, Microvast’s Chief Financial Officer. “*We are very encouraged by the level of customer engagement and interest in our Clarksville plant,* which along with anticipated IRA credits, is providing multiple project finance opportunities.”

Results for Q1 2023

- Revenue of \$47.0 million, compared to \$36.7 million in Q1 2022, an increase of 28.1%
- Gross margin increased to 10.3% from gross margin of 0% in Q1 2022; Non-GAAP adjusted gross margin increased to 13.5%, up from 5.2% in Q1 2022
- Operating expenses of \$36.2 million, compared to \$43.4 million in Q1 2022; Adjusted operating expenses of \$19.8 million, compared to \$31.1 million in Q1 2022
- Net loss of \$29.6 million, compared to net loss of \$43.8 million in Q1 2022; Non-GAAP adjusted net loss of \$11.7 million, compared to non-GAAP adjusted net loss of \$29.1 million in Q1 2022
- Net loss per share of \$0.10 compared to net loss per share of \$0.15 in Q1 2022; Non-GAAP adjusted net loss per share of \$0.04, compared to non-GAAP adjusted net loss per share of \$0.10 in Q1 2022
- Adjusted EBITDA of \$(7.5) million in Q1 2023, compared to Adjusted EBITDA of \$(23.1) million in Q1 2022
- *Backlog as of March 31, 2023 was \$486.7 million, representing growth of 302.9% compared to \$120.8 million in backlog as of March 31, 2022 and sequential growth of 18.6% compared to \$410.5 million in backlog at December 31, 2022.*
- Capital expenditures of \$35.9 million, compared to \$41.1 million in Q1 2022, and were driven by investments in manufacturing capacity expansions in Huzhou, China and Clarksville, Tennessee
- Cash, cash equivalents, restricted cash and short-term investments equalled [SIC] \$285.8 million as of March 31, 2023, compared to \$327.7 million as of December 31, 2022 and \$470.7 million as of March 31, 2022

28. On May 9, 2023, the Company filed its quarterly report on Form 10-Q filed with the SEC (the “1Q23 10-Q”), which stated in relevant part:

In October 2022, we were notified by the U.S. Department of Energy (“DOE”) that we had been selected, in collaboration with General Motors, to receive \$200 million in grant funding as part of the DOE’s Battery Materials Processing and Battery

Manufacturing initiative pursuant to the recently enacted infrastructure law, *subject to negotiation of specific terms and conditions*. Once finalized, the grant funding will remain subject to certain conditions precedent and other terms and conditions to be agreed between us and the DOE. *The grant funding is expected to support the construction of a new polyaramid separator manufacturing facility in Hopkinsville, Kentucky.* To complete this project, we will need to obtain additional financing. We cannot assure you that such financing will be available on acceptable terms.

29. The above statements identified in ¶¶ 19-28 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose to investors: (1) that there was a reasonable likelihood that Microvast would not be awarded the Grant after due diligence was performed; (2) that negotiations had ceased and the Grant rescinded; (3) that the Company misrepresented the nature and profitability of its businesses and partnerships; and (4) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

30. The truth partially emerged on May 22, 2023. On that date, after the market closed, *Reuters* reported the DOE would not award Microvast the Grant. Specifically, *Reuters* reported:

The U.S. Energy Department told lithium battery company Microvast Holdings ***it will not award it a \$200 million grant***, a source familiar with the matter said on Monday, after lawmakers cited concerns over its alleged links to China's government.

Two Republican lawmakers criticized the decision to grant the funding in a letter last December to Energy Secretary Jennifer Granholm, saying Microvast had ties to the Chinese Communist Party (CCP) that raised "***serious concerns about the department's ability to protect U.S. taxpayer dollars.***"

31. In a call with congressional staff the evening of May 22, 2023, the DOE confirmed negotiations with Microvast concerning the Grant had been cancelled. A spokesperson for the DOE stated "[t]he department can confirm that it has elected to cancel negotiations and not to

award Microvast funds from this competitive funding opportunity.” The DOE stated it would not comment publicly on why it decided to cancel negotiations with any applicant but did state “the Department of Energy maintains a rigorous review process prior to the release of any awarded funds, and it is not uncommon for entities selected to participate in award negotiations under a DOE competitive funding opportunity to not ultimately receive an award[.]” This news came after months of political fervor over the Company’s alleged ties to China, as reported by *Reuters*:

Two Republican lawmakers criticized the decision to grant the funding in a letter last December to Energy Secretary Jennifer Granholm, saying Microvast had ties to the Chinese Communist Party (CCP) that raised “serious concerns about the department’s ability to protect U.S. taxpayer dollars.”

Representative Frank Lucas, a Republican, said the grant’s cancellation was “a win for taxpayers and American businesses.”

32. On this news, the Company’s share price fell \$0.80, or 36%, to close at \$1.40 per share on May 23, 2023, on unusually heavy trading volume.

33. On May 24, 2023, Microvast released a press release responding to the DOE decision to withdraw the Grant, which stated in relevant part:

Yang Wu, Microvast’s founder, chairman, President, and Chief Executive Officer, said *“the Company is surprised by the DOE’s decision to withdraw the grant, which was designed to help build a new facility in Kentucky that would employ hundreds of people. Microvast is based in Texas, its shares are traded on Nasdaq, and the operations for our global business are centralized in the U.S. Neither the Chinese government nor the Chinese Communist Party has any ownership in the Company, nor do they control or influence Company operations in any way.* The Company is therefore considering all of its options.”

* * *

“Our priority remains completing our battery manufacturing facility in Clarksville, Tennessee. We are about half-way through our over \$300 million investment in the plant,” said Craig Webster, Microvast’s Chief Financial Officer. “This facility is a key business focus for us and will be a key contributor to our growth in the coming years. The DOE decision does not impact our previously provided financial guidance. *Based on our backlog of orders, we expect revenue in the U.S this year to be in excess of \$100 million. The decision also has no*

impact on our liquidity position, and in fact, it gives us more flexibility on how we plan to undertake our expansion initiatives in the U.S.”

34. On May 25, 2023, the Company issued a “fact sheet” about the DOE Decision, which stated relevant part:

Microvast is:

- Based in Texas
- Listed on the Nasdaq
- A global company centralized in the U.S.
- Founded by an American citizen

Microvast is *not*:

- Owned in whole or in part by the Chinese government
- Owned in whole or in part by the Chinese Communist Party
- Controlled by the Chinese government
- Controlled by the Chinese Communist Party

* * *

The withdrawal of a grant by the U.S. Department of Energy will not impact our expansion plans already underway for cell manufacturing.

- The company will remain on track to increase the number of employees we have in the U.S., especially military veterans.
- The company is committed to help the U.S. expand its battery supply chain and manufacturing initiatives.
- ***The DOE decision does not alter our plans to commercialize our polyaramid separator.***
- The company will continue to invest in a pilot line that will add 10 million square meters of capacity this year.
- There will be some timing impact on bringing the separator technology to market.
- ***Based on our backlog of orders, the company expects revenue in the U.S this year to be more than \$100 million.***
- The DOE decision has no impact on our liquidity position, and in fact, it gives us more flexibility on how we plan to undertake our expansion initiatives in the U.S.
- Our leading 53.5Ah battery cells and packs are expected to be our primary revenue growth driver in the coming years.
- Our separator technology was only anticipated to modestly contribute to revenue starting in 2025.

35. On June 30, 2023, the Company issued a press release announcing it would not be moving forward with the Kentucky Plant Construction. The press release stated in relevant part:

Microvast had diligently pursued the establishment of the polyaramid separator manufacturing plant with the aim of expanding its operations, creating local jobs, and contributing to the growth of the Hopkinsville, KY community. Microvast's proprietary polyaramid separator is a vitally important technology, as it significantly improves the safety of lithium-ion batteries.

Due to recent developments, Microvast reassessed the viability in proceeding with the separator project. "Our commitment to build the world's first mass polyaramid separator production facility in the U.S. remains unchanged," said Craig Webster, the Company's Chief Financial Officer. But he added, "Given market conditions, including interest rates doubling in the last year, we have decided to not move forward with our construction plans for the plant and will focus on our core business for now."

36. On August 7, 2023 the Company announced its second quarter 2022 financial results for the period ended June 30, 2023 in a press release, which stated in relevant part:

- Revenue increased 16.4% year over year to \$75.0 million, exceeding guidance
- ***Achieved record backlog of \$675.9 million, up 541.9% year over year***
- Gross margin increased from 7.5% to 15.3%, a 7.8 percentage point improvement year over year

* * *

"In the second quarter, we delivered strong year-over-year revenue growth, led by the continued production ***ramp up of our commercial vehicle customers in Europe and Asia Pacific.***" said Yang Wu, Microvast's Founder, Chairman, President and Chief Executive Officer. "We are incredibly pleased to have begun shipping qualified 53.5Ah cells from our 2GWh Huzhou, China facility during the second quarter. With Huzhou now in ramp-up phase, our execution focus for the remainder of the year is to bring Clarksville into trial production in Q4."

"The stand-out performance from the quarter is the improving gross margin and backlog setting a new record of \$675.9 million," said Craig Webster, Microvast's Chief Financial Officer. ***"We anticipate further upticks in our backlog through the rest of the year supported by new energy storage and commercial vehicle projects, which would lead to very high utilization rates on our new capacity expansions."***

Results for Q2 2023

- Revenue of \$75.0 million, compared to \$64.4 million in Q2 2022, an increase of 16.4%
- ***Backlog as of June 30, 2023 was \$675.9 million, representing a growth of 541.9% compared to \$105.3 million in backlog as of June 30, 2022 and sequential growth of 38.9% compared to \$486.7 million in backlog at March 31, 2023***
- Gross margin increased to 15.3% from gross margin of 7.5% in Q2 2022; Non-GAAP adjusted gross margin increased to 17.3%, up from 10.4% in Q2 2022
- Operating expenses of \$39.0 million, compared to \$50.4 million in Q2 2022; Adjusted operating expenses of \$22.7 million, compared to \$21.7 million in Q2 2022
- Net loss of \$26.1 million, compared to net loss of \$44.2 million in Q2 2022; Non-GAAP adjusted net loss of \$8.3 million, compared to non-GAAP adjusted net loss of \$14.9 million in Q2 2022
- Net loss per share of \$0.08 compared to net loss per share of \$0.15 in Q2 2022; Non-GAAP adjusted net loss per share of \$0.02, compared to non-GAAP adjusted net loss per share of \$0.05 in Q2 2022
- Adjusted EBITDA of \$(4.2) million in Q2 2023, compared to Adjusted EBITDA of \$(9.2) million in Q2 2022
- Capital expenditures of \$57.7 million, compared to \$26.9 million in Q2 2022, and primarily driven by our capacity expansion at Clarksville, Tennessee
- Cash, cash equivalents, restricted cash and short-term investments equaled \$195.8 million as of June 30, 2023, compared to \$327.7 million as of December 31, 2022, and \$396.9 million as of June 30, 2022

37. On August 8, 2023 the Company filed its second quarter 2023, quarterly report for the period ended June 30, 2023 on Form 10-Q (the “2Q23 10-Q”). The 2Q23 10-Q stated the following concerning the Company’s backlog, in relevant part:

As of June 30, 2023, ***we had a backlog of approximately \$675.9 million for our battery systems, equivalent to approximately 2,559.5 MWh.*** So far, we have used \$332.4 million of the proceeds from the Business Combination that was completed in July 2021 to expand our manufacturing facilities and for the purchase of property and equipment associated with our existing manufacturing and R&D facilities.

38. On November 9, 2023, the Company announced its third quarter 2023 financial results in a press release, stating in relevant part:

Results for Q3 2023

- Revenue of \$80.1 million, compared to \$38.6 million in Q3 2022, an increase of 107.5%

•*Backlog as of September 30, 2023 was \$678.7 million, representing a growth of 382.7% compared to \$140.6 million in backlog as of September 30, 2022*

•Gross margin increased to 22.3% from gross margin of 5.2% in Q3 2022; Non-GAAP adjusted gross margin increased to 24.2%, up from 10.2% in Q3 2022

•Operating expenses of \$44.7 million, compared to \$39.6 million in Q3 2022; Adjusted operating expenses of \$30.3 million, compared to \$22.3 million in Q3 2022

•Net loss of \$26.2 million, compared to net loss of \$36.5 million in Q3 2022; Non-GAAP adjusted net loss of \$10.3 million, compared to non-GAAP adjusted net loss of \$17.4 million in Q3 2022

•Net loss per share of \$0.08 compared to net loss per share of \$0.12 in Q3 2022; Non-GAAP adjusted net loss per share of \$0.03, compared to non-GAAP adjusted net loss per share of \$0.06 in Q3 2022

•Adjusted EBITDA of \$(5.3) million in Q3 2023, compared to Adjusted EBITDA of \$(12.6) million in Q3 2022

•Capital expenditures of \$59.9 million, compared to \$16.8 million in Q3 2022, and primarily driven by capacity expansion at our Clarksville, Tennessee facility

39. On November 9, 2023, the Company filed its quarterly report on Form 10-Q for the period ended September 30, 2023 (the “3Q23 10-Q”). The 3Q23 10-Q stated the following concerning the Company’s backlog:

As of September 30, 2023, we had a backlog of approximately \$678.7 million for our battery systems, equivalent to approximately 2,526.1 MWh. So far, we have used \$392.4 million of the proceeds from the Business Combination that was completed in July 2021 to expand our manufacturing facilities and for the purchase of property and equipment associated with our existing manufacturing and R&D facilities.

40. The above statements identified in ¶¶ 33-39 were materially false and/or misleading, and failed to disclose material adverse facts about the Company’s business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose to investors: (1) that the Company misrepresented the nature and profitability of its businesses and partnerships; (2) that, as a result of the foregoing, Defendants’

positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

Disclosures at the End of the Class Period

41. Then, on November 21, 2023, at approximately 9:00 a.m., J Capital Research published the Report. The Report alleged that:

We suspect MVST knew a DOE \$200 mln grant for a U.S. factory addition had been rescinded but failed to inform investors until the information hit Reuters months later, and MVST had no choice but to disclose.

42. The Report set out that the Company, which had initially announced the Grant would be used to fund a polyaramid separator production facility in Clarksville, Tennessee, had informed Clarksville in February 2023 that it would not build the polyaramid plant there.

43. The Report detailed how the Company was faced significant headwinds as part of the review process for the Grant:

In March, Rep. Frank Lucas (R-OK), Chair of the House Committee on Science, Space, and Technology, sent a letter to DOE Secretary Jennifer Granholm detailing concerns about MVST and saying that DOE had promised to review its awards.

In a letter sent to the Department on December 7, 2022, and again on January 25, 2023, the Committee highlighted some of the most egregious connections between Microvast and the CCP,^{4,5} including the fact that nearly 80% of Microvast's assets are located in China that the company has disclosed that the Chinese government "exerts substantial influence over the manner in which we must conduct our business activities and may intervene, at any time and with no notice."⁶ Our previous letters have a longer list of troubling facts about Microvast, all of which are publicly available and easily accessible and should have come up in any vetting process.

On February 1, 2023, DOE issued an interim response to the Science Committee to describe in general terms its post-award grant vetting policy, noting that DOE would not provide more information on the status of these awards until a certain review phase had been completed.

March 9, 2023 letter to DOE Secretary Granholm

* * *

[O]n February 16, 2023, Bloomberg reported as much, saying that "Microvast's links to China have drawn outrage from lawmakers," and "Funds are in 'post-selection' review."

44. The Report alleged a review of the Company's financials revealed that the Company had not disclosed the significant source of their revenue:

MVST submitted a 240-page grant application on May 16, 2022 and issued many interim announcements. *As far as we can tell, the grant application did not mention China or say that 67% of revenue and assets were in China.*

45. The Report alleged that, of those financial results:

We think *the majority of MVST's sales may be fake. MVST's Chinese customers account for 57% of revenue in 2023, but the China factory shows almost no activity. Our drone videos and photos confirm that. MVST China has disappeared from Chinese procurement lists, and local competitors [SIC] say the company is not making discernible sales. We are skeptical of the revenue shown in local financial statements.*

46. The Report continued displaying photos of the Company's factories in China, and linked to videos where the facilities "shows no activity" despite being a working day:

Photos and drone videos, along with interviews, indicate that *MVST's huge factory in Huzhou, China is almost entirely idle. We counted six cars in the compound and two people walking about but no trucks or apparent product.*

We believe MVST's China plants have basically been abandoned. MVST has three plants close to one another in the same development zone in Huzhou. Interviews plus visits to the perimeter indicate that not much is going on.

47. The Report continued, reporting that there have been "[n]o visible new China procurement announcements since 2017 despite the Company's reported revenue sources:

We have searched for procurement announcements by Chinese companies or by MVST about Chinese buyers and can identify nothing since 2017. *In 2021, MVST mentioned several Chinese companies with which it cooperates, but those were old announcements, and we found no comment by those companies inside China. Yet for the first nine months of 2023, the company reported that 57% of its sales were from customers located in China, with even higher proportions reported in 2020, 2021, and 2022.*

48. The asserted that the Company also has "radically less capacity in China" then it reported:

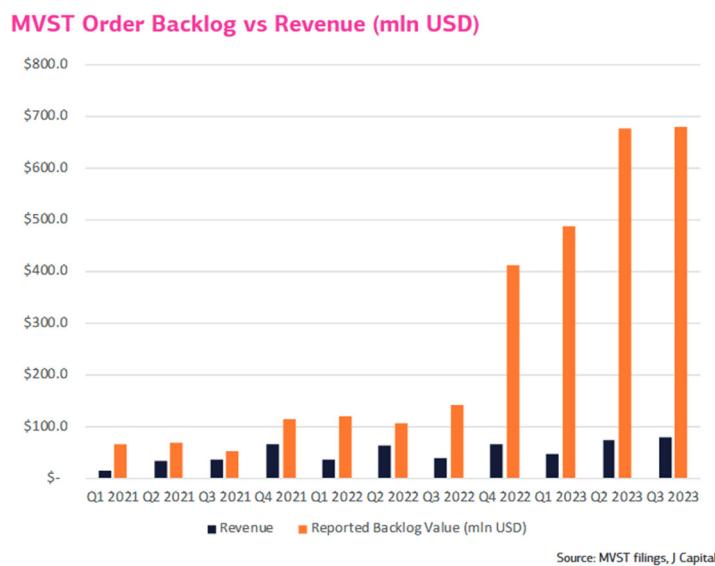
MVST claims to be spending somewhere around \$250 mln on a plant in Huzhou, China. *But in five years, according to our sources, construction has not started.*

Chinese job boards show that MVST Huzhou is now hiring for a number of positions. But *we could not find evidence of significant staffing in 2019-2022.*

49. The Report continued detailing the Company's "[d]ubious backlog:"

We question the company's reported backlog, currently \$678.7 mln. *Backlog growth is much higher than revenue growth. There was a \$189 mln jump in Q2 2023, but the only visible addition came from a December agreement with REE Automotive – whose entire revenue is less than \$1 mln.* Regardless, based on the company's track record, this could end up being a backlog of future losses.

50. The Report detailed specifically that "[g]rowth in backlog has been stunningly high, but revenue growth has not matched it" as illustrated therein:



51. The Report concluded that:

Much of the backlog is reportedly for the new 53.5Ah battery, and mostly for U.S. and European customers. But there are dozens of companies that offer this battery technology, and even if the backlog is real - which we doubt - we are skeptical that MVST can compete with a company like Panasonic or CATL. Company filings also state that MVST faces intense competition from other Chinese battery manufacturers, some of which have state support. Regardless, from the company's track record, this could easily be just a backlog of future losses, which is no cause for celebration.

52. On this news, the Company's share price fell \$0.33, or 25%, to close at \$0.98 per share on November 21, 2023, on unusually heavy trading volume.

CLASS ACTION ALLEGATIONS

53. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired Microvast securities between October 19, 2022 and November 20, 2023, inclusive, and who were damaged thereby (the “Class”). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

54. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Microvast’s shares actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of Microvast shares were traded publicly during the Class Period on the NASDAQ. Record owners and other members of the Class may be identified from records maintained by Microvast or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

55. Plaintiff’s claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants’ wrongful conduct in violation of federal law that is complained of herein.

56. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

57. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- (a) whether the federal securities laws were violated by Defendants' acts as alleged herein;
- (b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Microvast; and
- (c) to what extent the members of the Class have sustained damages and the proper measure of damages.

58. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

59. The market for Microvast's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Microvast's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Microvast's securities relying upon the integrity of the market price of the Company's securities and market information relating to Microvast, and have been damaged thereby.

60. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Microvast's securities, by publicly issuing false and/or misleading statements

and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about Microvast's business, operations, and prospects as alleged herein.

61. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Microvast's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

LOSS CAUSATION

62. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

63. During the Class Period, Plaintiff and the Class purchased Microvast's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

64. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Microvast, their control over, and/or receipt and/or modification of Microvast's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Microvast, participated in the fraudulent scheme alleged herein.

APPLICABILITY OF PRESUMPTION OF RELIANCE (FRAUD-ON-THE-MARKET DOCTRINE)

65. The market for Microvast's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Microvast's securities traded at artificially inflated prices during the Class Period. On July 31, 2023, the Company's share price closed at a Class Period high of \$2.87 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Microvast's securities and market information relating to Microvast, and have been damaged thereby.

66. During the Class Period, the artificial inflation of Microvast's shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading

statements about Microvast's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Microvast and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

67. At all relevant times, the market for Microvast's securities was an efficient market for the following reasons, among others:

- (a) Microvast shares met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;
- (b) As a regulated issuer, Microvast filed periodic public reports with the SEC and/or the NASDAQ;
- (c) Microvast regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or
- (d) Microvast was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

68. As a result of the foregoing, the market for Microvast's securities promptly digested current information regarding Microvast from all publicly available sources and reflected such

information in Microvast's share price. Under these circumstances, all purchasers of Microvast's securities during the Class Period suffered similar injury through their purchase of Microvast's securities at artificially inflated prices and a presumption of reliance applies.

69. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

NO SAFE HARBOR

70. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker

had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Microvast who knew that the statement was false when made.

FIRST CLAIM

**Violation of Section 10(b) of The Exchange Act and
Rule 10b-5 Promulgated Thereunder**

Against All Defendants

71. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

72. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Microvast's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

73. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Microvast's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

74. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a

continuous course of conduct to conceal adverse material information about Microvast's financial well-being and prospects, as specified herein.

75. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Microvast's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Microvast and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

76. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

77. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Microvast's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

78. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Microvast's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired Microvast's securities during the Class Period at artificially high prices and were damaged thereby.

79. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems

that Microvast was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Microvast securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

80. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

81. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM

Violation of Section 20(a) of The Exchange Act

Against the Individual Defendants

82. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

83. Individual Defendants acted as controlling persons of Microvast within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and their ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were

issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

84. In particular, Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

85. As set forth above, Microvast and Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: December 5, 2023

/s/ Joe Kendall

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